

Message Text

SECRET

PAGE 01 GEORGE 00256 01 OF 03 061726Z

41

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 089418

P 061230Z FEB 76 ZFF
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC PRIORITY 2364

S E C R E T SECTION 1 OF 3 GEORGETOWN 0256

STADIS
EXDIS

E.O. 11652: GDS
TAGS: PFOR, EAID, UNGA, GY
SUBJECT: EMBASSY RECOMMENDATIONS ON PENDING LOANS AND OTHER
ASPECTS OF AID PROGRAM IN GUYANA

REF: A) HEAVNER TO ROGERS MEMO, JAN 27, B) 75 GEORGETOWN 1828.
C) 75 STATE 289060, D) 75 GEORGETOWN 2104, E) STATE 9480

1. SUMMARY: EMBASSY BELIEVES CONTINUED AND CONSISTENT GUYANESE ACTIONS HOSTILE TO US INTERESTS AND LIKELIHOOD OF FURTHER UNFAVORABLE POLITICAL EVOLUTION MAKE SIGNATURE OF NEW LOANS AND FURTHER AID COMMITMENTS DIFFICULT TO JUSTIFY TO CONGRESS AND AMERICAN TAXPAYER. EMBASSY BELIEVES SITUATION WARRANTS GREATER REACTION THAN SHORT-TERM DELAY OF ONE SMALL LOAN, BUT FEELS REACTION SHOULD BE CONSISTENT WITH OUR REACTION TOWARDS OTHER GENERALLY HOSTILE COUNTRIES. SINCE EMBASSY DISADVANTAGEOUSLY POSITIONED TO MAKE SUCH COMPARISON, WE OUTLINE OPTIONS RANGING FROM FURTHER EXTENDING DELAY ON SMALL TRAINING LOAN TO SCRAPPING BOTH LOANS CURRENTLY BEING CONSIDERED AND ACCELERATED PHASE-OUT OF AID PROGRAM, AND PROVIDE ASSESSMENT OF IMPACT OF EACH OPTION ON BILATERAL RELATIONS. END SUMMARY.

2. EMBASSY WELCOMES PREMISE THAT BILATERAL AID HAS AND SHOULD HAVE STRINGS, AS SET FORTH IN STATE 13264, WHICH HELD THAT THE FULL EXTENT OF OUR BILATERAL RELATIONS, INCLUDING THE MULTILATERAL ASPECT, WILL BE CONSIDERED IN THE PROCESS OF DETERMINING WHIVN COUNTRIES GET OUR LIMITED FOREIGN ASSISTANCE AND THAT HOSTILITY

SECRET

SECRET

PAGE 02 GEORGE 00256 01 OF 03 061726Z

TO OUR INTERESTS WILL NOT BE COST-FREE. IN SPECIFIC INSTANCE

OF INDIA, A FAR MORE CRUCIAL COUNTRY THAN GUYANA, THE DEPT DETERMINED (ACCORDING RECENT CFR) THAT QUOTE THERE IS NOT A SUFFICIENT BASIS OF MUTUAL CONFIDENCE AT THIS TIME TO DISCUSS THE PROPOSED REVIVAL OF AN AID PROGRAM IN INDIA AND THAT WE WOULD DEFER TALKS ON AID UNTIL FY77 UNQUOTE. IN LIGHT OF THAT POLICY AND THAT EXAMPLE, WHERE DOES GUYANA FIT?

3. AID PROGRAM: THERE ARE FIVE LOANS STILL BEING DISBURSED. UNDISBURSED BALANCE ON DEC 31 BY MISSION CALCULATION WAS US DOLS 14,495,307. THE LAST TCD IS 31 DEC 1977 AND THE LAST TDD IS 30 JUNE 1978. A PROPOSED US DOLS 4 MILLION LOAN/ GRANT COMBINATION FOR FOOD CROPS IS IN FINAL STAGE OF WASHINGTON REVIEW. A ONE MILLION DOLLAR PUBLIC SECTOR TRAINING LOAN WAS AUTHORIZED FOR SIGNATURE BETWEEN JULY AND OCTOBER 1975, DELAYED BY GUYANA BECAUSE OF MINOR PROBLEMS BEYOND CUT-OFF AND DELAYED BY THE US (REF C) SINCE THEN BECAUSE OF GUYANA'S HOSTILE UNGA VOTES ON THE KOREA ISSUE DESPITE OUR WARNING THAT BILATERAL RELATIONS WOULD BE AFFECTED AND DESPITE SECRETARY KISSINGER'S PERSONAL APPEAL. THE APPROVED GUYANA CASP, SUBJECT TO CERTAIN HEDGING, PROVIDES FOR A PHASE-OUT OF OUR AID PROGRAM AFTER THESE TWO LOANS (EXCEPT FOR A SMALL SDAF). AID MISSION CURRENTLY STAFFED BY TEN DIRECT HIRE AMERICANS AND 19 LOCALS.

4. VOTING RECORD: ACCORDING TO USUN TABULATIONS, ON THE 27 IMPORTANT UNGA VOTES FROM 1971 THROUGH 1974 WHERE US AND USSR WERE OPPOSED AND ON WHICH GUYANA VOTED, SHE SIDED WITH THE USSR 26 TIMES AND WITH THE US ONCE (THAT ONCE BEING IN 1971). GUYANA AND CUBA WERE THE ONLY WESTERN HEMISPHERE NATIONS DIRECTLY OPPOSING US ON ALL 1975 UNGA KOREA VOTES AND GUYANA WAS THE ONLY WESTERN HEMISPHERE NATION RECEIVING AID TO VOTE AGAINST US IN PLENARY ON THE ZIONISM AS RACISM ISSUE, IN BOTH CASES AFTER OUR DIRECT APPEAL. EXCEPT FOR OUR POSITION ON PUERTO RICO⁷³ 5-57, WHICH GOG HAS RESPECTED, GUYANA HAS LINED UP WITH OUR OPPONENTS OR NEEDLERS ON NEARLY ANY ISSUE OF SIGNIFICANCE IN JUST ABOUT EVERY INTERNATIONAL FORUM BEGINNING AROUND 1972.

5. GOG VISION OF UNITED STATES: PM BURNHAM AND OTHER TOP GOG LEADERS HAVE LEFT LITTLE DOUBT OVER THE PAST SEVERAL YEARS WHEN SPEAKING OF QUOTE THE ENEMY UNQUOTE THAT THEY MEANT THE US. RECENTLY ALLEGED DESTABILIZATION OF CHILE BY USG ACTIONS HAS OFTEN BEEN HELD UP
SECRET

SECRET

PAGE 03 GEORGE 00256 01 OF 03 061726Z

BY BURNHAM AS AN EXAMPLE FOR GUYANESE TO FEAR. TOP GOG LEADERS AND THE GOG-OWNED PRESS CONSISTENTLY IDENTIFY GUYANA AS PART OF SOCIALIST WORLD ENGAGED IN A CONFRONTATION WITH THE CAPITALIST IMPERIALISTS LEIBY THE US. 75 GEORGETOWN A-98 AND OTHER EMBASSY REPORTS DETAIL DECLARATIONS AND ACTIONS OF GOG LEADERS IN FURTHERING TRANSFORMATION OF GUYANA INTO MARXIST-LENINIST STATE. PM BURNHAM FOR MONTHS LABELED WESTERN AID AS PATRONIZING AND PARSIMONIOUS WHILE PRAISING FRATERNAL AID FROM COMMUNIST

COUNTRIET. HE CALLED UPON TRADE UNION MOVEMENT TO REJECT AID AND TRAINING FROM CAPITALIST COUNTRIES AS NOT IN BEST INTERSTS OF DEVELOPING SOCIALIST STATE WHILE SENDING PNC LABOR DESK STAFF TO SOVIET UNION OR EASTERN EUROPE FOR TRAINING. MORE RECENTLY, THREE SOURCES WHO ATTENDED CLOSED PNC MEETING IN EARLY JANUARY QUOTED BURNHAM AS SAYING QUOTE THE U.S. CAN TAKE THEIR AID AND SHOVE IT UNQUOTE.

6. DOMESTIC POLITICO-ECONOMIC TRENDS: BURNHAM AND THE RULING PNC ARE ATTEMPTING TO TRANSFORM GUYANA INTO THE SECOND COMMUNIST STATE OF THE HEMISPHERE. THEY SEEM TO BE MOTIVATED BY A COMBINATION OF IDEOLOGICAL COMMITMENT AND PRAGMATIC CONVICTION THAT ONLY THROUGH AUTHORITARIAN MARXIST-LENINIST STATE CAN THEY AS AFRO-GUYANESE MAINTAIN POLITICAL AND ECONOMIC POWE R OVER THE MAJORITY EAST INDIANS. IN IMPLEMNTING THE DEPUTY PM'S CALL FOR A DICTATORSHIP OF THE PROLETARIAT, THE GOG HAS ALREADY FORCED THROUGH A PRACTICAL GOVT MONOPOLY OF THE MEDIA, HAS JUST ABOLISHED CONSTITUTIONAL RIGHT OF JUDICIAL REVIEW OF COMPENSATION PAID FOR PRIVATE PROPERTY TAKEN BY GOVT, HAS SET ARBITRARY LOW VALUATION STANDARD FOR SUCH ACQUISITIONS, HAS HELD NO LOCAL ELECTIONS SINCE 1970, HAS POLTICIZED THE CIVIL SERVICE THROUGH COMPULSORY IDEOLOGICAL TRAINING CAMPS, AND HAS ANNOUNCED INTENT TO REWRITE CONSTITUTION TO DO AWAY WITH SO-CALLED OUTMODED WESTERN INFLUENCES. CREDIT, CONTROL OF AGRICUL-TURAL MACHINERY AND MARKETING FACILITIES ARE BEING USED TO PRESSURE FARMERS INTO STATE-CONTROLLED COOPERATIVES.

7. ON OTHER HAND, USG HAS PROVIDED ASSITANCE TO OTHER GOVTS MUCH FURTHER ADVANCED TOWARD COMMUNISM, AND IT CAN BE ARGUED THAT OUR COOPERATION WITH GOVTS WHICH HAVE ADOPTED MARXIST MODEL SERVES TO COUNTER DOGMA THAT THERE IS INHERENT HOSTILITY-- (CONTINUED..)

SECRET

NNN

SECRET

PAGE 01 GEORGE 00256 02 OF 03 061930Z

41

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 091467

P 061230Z FEB 76

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC PRIORITY 2365

S E C R E T SECTION 2 OF 3 GEORGETOWN 0256

STADIS//////////

EXDIS

REF: A) HEAVNER TO ROGERS MEMO JAN. 27, B) 75 GEORGETOWN 1828,
:) 75STATE 289060, D) 75 GEORGETOWN2104, E) STATE 9480

BETWEEN CAPITALISM-MARXISM AND CAN POSSIBLY ENCOURAGE DEVELOPMENT
OF PRAGMATIC MUTUALLY BENEFICIAL RELATIONSHIP. EXTENT OF AUTHO-
RITARIAN RULE IN GUYANA IS STILL WELL BELOW LEVEL LIKELY TO CAUSE
CONCERN IN US MEDIA, CONGRESS OR PUBLIC OPINION, ALTHOUGH EVENTS
LEADING UP TO NEXT SCHEDULED ELECTIONS IN 1978 COULD BRING CLOSER
SCRUTINY AND CONSEQUENT ADVERSE COMMENT.

8. AS TO COLLECTIVIZATION OF AGRICULTURE, GOG HAS SHOWN
REALIZATION THAT SMALL, INDEPENDENT FARMER, E.G. IN RICE, WILL
FOR SOME YEARS CONTINUE TO PLAY ESSENTIAL ROLE IN EXPANSION AND
MODERNIZATION OF AGRICULTURAL SECTOR. PM BURNHAM HIMSELF HAS
ASSERTED THAT NATIONALIZATION OF PRIVATE FARMS WILL NOT EXTEND TO
SMALL HOLDINGS. IF FOOD CROP LOAN EMPHASIS ON INCREASING EFFI-
CIENCY OF SMALL FARMER, WHICH HAS BEEN INCORPORATED IN JOINT AID-
GOG PLANNING, IS ACCEPTED BY GOG IN FINAL PROJECT DESIGN, THIS
WOULD HELP TO REINFORCE COMMITMENT OF GOG TO CONTINUING KEY ROLE
FOR SMALL FARMER.

9. THE CUBAN CONNECTION AND ANGOLA: GUYANA IS STRENGTHENING
AND BROADENING ITS TIES TO CUBA AND TO A LESSER EXTENT OTHER
COMMUNIST COUNTRIES. BOTH GUYANA'S RULING PNCEW D THE INCREASINGLY
SUPPORTIVE MOSCOW-LINE PPP SENT HIGH-LEVEL DELEGATIONS TO THE
RECENT CUBAN COMMUNIST PARTY CONGRESS, WHERE THEY WERE GIVEN
IDENTICAL FRATERNAL TREATMENT. THE CLOSE TIES DESCRIBED EIGHT
SECRET

SECRET

PAGE 02 GEORGE 00256 02 OF 03 061930Z

MONTHS AGO IN 75 GEORGETOWN 806 HAVE BEEN STRENGTHENED WITH FREQUENT
RECIPROCAL VISITORS BETWEEN THE CUBAN COMMUNIST PARTY AND THE PNC,
AND BETWEEN THE CUBAN MILITARY AND THE GUYANA DEFENSE FORCE.
THE CUBAN EMBASSY IS MUSHROOMING IN SIZE. IN THE PAST TWO WEEKS,
SINCE WE DELIVERED MESSAGE THAT WE ANTICIPATED GOING AHEAD WITH
THE FOOD CROPS LOAN IN DUE COURSE, THE GOG HAS SECRETLY COLLABORATED
WITH CUBANS IN ESTABLISHING WHAT COULD BE A REFUELING FACILITY
FOR THE CUBAN-ANGOLA AIRLIFT, OR COULD EQUALLY WELL SERVE SOME
OTHER JOINT MILITARY PURSE. BURNHAM HAS FULLY BACKED CUBAN
INTERVENTION IN ANGOLA DESPITE OUR REQUEST THAT HE ENCOURAGE THE
WITHDRAWAL OF ALL FOREIGN FORCES. IN MID-JANUARY, THE GOG RECOG-
NIZED THE MPLA AS THE GOVT OF ANGOLA AND BY ONE REPORT (75
GEORGETOWN 2205) IS DOING ADVANCE LOGISTIC PLANNING FOR SENDING
A TOKEN LARGELY MEDICAL FORCE TO THE MPLA. FOREGOING BEGINS
TO LOOK LIKE DEFACTO ALLIANCE WITH CUBA.

10. WHAT TO DO? WE SUSPECT THAT CONTINUED BILATERAL AID TO
GUYANA MAY BECOME LESS POPULAR WITH CONGRESS AND THE AMERICAN

TAXPAYER AS THE SITUATION DESCRIBED ABOVE BECOMES BETTER KNOWN. AS IN CASE OF CHILE UNDER ALLENDE, THERE WILL ALSO BE LOCAL GROUP, SYMPATHETIC TO GUYANA AS PERCEIVED SYMBOL OF SMALL LDC'S STRUGGLING TO ACHIEVE BETTER LIEF FOR PEOPLE BY DOING THEIR OWN THING, AND THEREFORE CRITICAL OF ANY STEP BY USG WHICH GIVES APPEARANCE OF AGGRESSIVE OR PUNITIVE INTENT. OUR POSTURE SHOULD THEREFORE BE CAREFULLY WEIGHED TO SUPPORT LEGITIMATE OBJECTIVES OF OUR OWN NATIONAL INTEREST WITHOUT NEEDLESSLY SETTING OFF EMOTIONAL VIBRATIONS AMONG EITHER HAWKS OR DOVES.

11. NATURE AND LEVEL OF ASSISTANCE INVOLVED IN PENDING TWO LOANS CANNOT BUY POLITICAL LEVERAGE, NOR IS THIS INTENDED. BY SAME TOKEN, THERE ARE NO REAL NO SIGNIFICANT US INTERESTS IN GUYANA SUCH AS PRIVATE INVESTMENTS AGAINST WHICH GOG MIGHT TAKE PUNITIVE ACTION IN RESPONSE TO CUT-OFF PENDING LOANS.

12. LEVERAGE ALSO HAS BROADER ASPECT OF POSSIBLE IMPACT OF OUR ACTION (OR INACTION) ON ATTITUDES OF GUYANA'S CARICOM PARTNERS AND FELLOW LDC'S PRINCIPALLY, AND ON INTERNATIONAL OPINION GENERALLY. ON ONE HAND, OUR CREDIBILITY MAY BE ENHANCED BY SHOWING THAT CONSISTENT OPPOSITION ON KEY INTERNATIONAL ISSUES, PLUS GENERALLY UNFRIENDLY ATTITUDE, IS NOT WITHOUT COST. HOWEVER, WE

SECRET

SECRET

PAGE 03 GEORGE 00256 02 OF 03 061930Z

RESPONDED TO GOG QUERY ON NY TIMES AND WASH POST ARTICLES BY SAYING WE WERE PREPARED TO GO AHEAD WITH FOOD CROPS LOAN IN DUE COURSE. CHANGE AT THIS STAGE COULD BE REGARDED AS RENEGING. LIKE DOMESTIC US OPINION BALANCE, WE SUSPECT STRONGER TENDENCY WILL BE IN DIRECTION OF GREATER RESPECT FOR USG ARGUMENTS ON KEY ISSUES IF WE SHOW WE CAN BITE.

13. WHILE EXECUTION OF TWO PENDING LOAN PROJECTS WILL EXPAND FOOD PRODUCTION (USEFUL BOTH TO GUYANA AND TO CARICOM PARTNERS) AND IMPROVE GOG ABILITY TO DEAL EFFECTIVELY WITH DEVELOPMENT AND SOCIAL PROBLEMS IN A MORE EFFICIENT MANAGEMENT PRACTICES, THE ONLY POSSIBLE CONTRIBUTION TO BILATERAL RELATIONS WE CAN VISUALIZE IS KEEPING OPEN A MODICUM OF CONSTRUCTIVE DIALOGUE BETWEEN TWO GOVTS. WE QUESTION WHETHER AN AID PROGRAM IS REALLY NECESSARY FOR THAT LIMITED GOAL.

14. SINCE WE ARE AT DISADVANTAGE IN ATTEMPTING TO EVALUATE HOW GUYANA FITS INTO WORLDWIDE CONTEXT, WE SIMPLY SUGGEST THE RANGE OF OPTIONS WE BELIEVE REPRESENT LIMITS OF FEASIBILITY, WITH COMMENTS ON IMPACT EACH COULD BE EXPECTED TO HAVE A BILATERAL RELATIONS. WE RECOMMEND THAT DEPT ACCORD GUYANA TREATMENT SIMILAR TO THAT ACCORDED TO OTHER COUNTRIES WHERE OUR INTERESTS AND THE DEGREE OF RECIPIENT COUNTRY HOSTILITY ARE COMPARABLE. WE FURTHER RECOMMEND THAT UNTIL A COMPREHENSIVE POLICY HAS BEEN APPROVED FOR FUTURE AID PROGRAM IN GUYANA, THERE BE NO FURTHER DISCUSSION

OR NEGOTIATION OF THE TWO PENDING LOANS WITH THE GOG.

15. OPTIONS:

A) CONTINUE NORMAL PROCESSING OF THE FOOD CROPS LOAN/GRANT, PRESENTING IT FOR SIGNATURE WHEN READY IN A MONTH OR TWO. CONTINUE DELAYING THE PUBLIC SECTOR TRAINING LOAN UNTIL THAT TIME, THEN PRESENT IT ALSO FOR SIGNATURE.

DISCUSSION: THIS WOULD IMPLY WE ARE BACKING AWAY FROM A GLOBAL POLICY OF LINKING AID TO US POLITICAL INTERESTS, ESPECIALLY TO DEGREE OF SUPPORT BY RECIPIENT COUNTRIES FOR THOSE INTERESTS. THE GOG WOULD REACT FAVORABLY TO THIS DECISION, FEELING ITS RADICAL POLICIES HAD BEEN VINDICATED. GOG WOULD REGARD THIS AS DEFEAT FOR SO-CALLED US PRESSURE TACTICS AND WOULD SETTLE MORE COMFORTABLY INTO FOLLOWING CONFRONTATION TACTICS OF RADICAL THIRD WORLD COUNTRIES

SECRET

SECRET

PAGE 04 GEORGE 00256 02 OF 03 061930Z

B) CONTINUE PROCESSING THE FOOD CROPS LOAN/GRANT WHEN PRESENT IT FOR SIGNATURE WITHOUT UNDUE HASTE, BUT SCRAP THE PUBLIC SECTOR TRAINING LOAN, EITHER INFORMING THE GOG OF ITS DEMISE OR LETTING THE GOG DRAW ITS (CONTINUED...)

SECRET

NNN

SECRET

PAGE 01 GEORGE 00256 03 OF 03 062001Z

41

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 092027

P 061230Z FEB 76

FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC PRIORITY 2366

SECRET SECTION 3 OF 3 GEORGETOWN 0256

STADIS/////////////////
EXDIS

REF: A) HEAVNER TO ROGERS MEMO JAN. 27, B) 75 GEORGETOWN 1828,
C) 75 STATE 289060, D) 75 GEORGETOWN 2104, E) STATE 9480

OWN CONCLUSION.

DISCUSSION: THIS OPTION WOULD FOCUS US ASSISTANCE ON AN AREA OF MAXIMUM MUTUAL PRIORITY AND REGIONAL BENEFIT AND WOULD GET US OF A PROJECT EXCLUSIVELY CONCERNED WITH TRAINING AN INCREASINGLY POLITICIZED CIVIL SERVICE. WE WOULD HAVE SHOWN THE GOG THAT THE KOREA VOTES WERE NOT WITHOUT COST. ON THE OTHER HAND, SMALL TRAINING LOAN IS CLEARLY MARGINAL TO THE GOG, AS ILLUSTRATED BY ECONOMIC DEVELOPMENT MINISTER HOYTE'S COMMENT TO AMBASSADOR (GEORGETOWN 63) THAT HE THOUGHT THIS LOAN HAD ALREADY GONE BY THE BOARDS. SIGNING THE FOOD CROPS LOAN TOO SOON AFTER APPARENT ESTABLISHMENT OF CUBAN REFUELING FACILITY, GOG RECOGNITION OF MPLA, CONTINUED ACTIONS AGAINST OUR INTERESTS AT UN AND CONTINUED HOSTILE PROPAGANDA WOULD COUNTERACT IMPRESSION LOCALLY AND POSSIBLY IN US CONGRESS THAT WE WERE BEGINNING TO BE MORE SELECTIVE IN FOCUSING OUR BILATERAL AID TO THOSE WHO SHOWED SOME RECIPROCAL REGARD FOR US INTERESTS. WE FEEL SIGNING IN 60-90 DAYS, ASSUMING NO FURTHER NOTABLE ANTI-US ACTIONS BY GOG IN MEANTIME WOULD HELP DISPEL THIS NOTION. WE DOUBT THAT CUTOFF OF TRAINING LOAN WOULD HAVE ENOUGH LOCAL IMPACT TO PROVOKE MORE THAN NORMAL HOSTILITY FROM PM BURNHAM, PARTICULARLY IF WE MADE NO FURTHER ANNOUNCEMENT.

C) DELAY BOTH LOANS UNTIL NEAR END OF FY76 OR UNTIL FY77, WITH
SECRET

SECRET

PAGE 02 GEORGE 00256 03 OF 03 062001Z

DECISION ON WHETHER TO SIGN TO BE MADE BY A SPECIFIC DATE. INFORM GOG THAT LOANS ARE STILL BEING CONSIDERED, WITH PROGNOSIS UNCERTAIN. THEN SEE HOW GGANA BEHAVES TOWARDS US INTERESTS IN INTERIM PERIOD.

DISCUSSION: THIS WOULD RETAIN MAXIMUM LEVERAGE, BUT WE DOUBT IT WOULD AFFECT UNFAVORABLE TREND OF GOG POLICY AND ACTIONS. IT WOULD BE LESS LIKELY TO PROVOKE ANTI-US OUTBURST BY BURNHAM THAN WOULD CATEGORIC ANNOUNCEMENT OF CUTOFF. IF DELAY WERE ONLY UNTIL LATE FY76, WE SOUBT SITUATION WOULD BY THEN HAVE CHANGED FAVORABLY, THOUGH IT MAY HAVE WORSENERD WITH EXPECTED VISIT BY CASTRO FOR MAY 26 INDEPENDENCE ANNIPERSARY AND DEEPER CUBAN INVOLVEMENT. IF DELAY EXTENDED INTO FY77, NEW CONGRESSIONAL PRESENTATION WOULD PRESUMABLY BE REQUIRED. IF DELAY INTO FY77 IS AUTHORIZED, IT SHOULD BE EITHER WITH PRESUMPTION THAT LOANS WILL BE SIGNED, IN WHICH CASE AID MISSION STAYS IN HOLDING PATTERN, OR ELSE THAT THEY PROBABLY WILL NOT, IN WHICH CASE AID MISSION BEGINS GRADUAL PHASE-DOWN NOW. WE ANTICIPATE CONTINUED HOSTILITY FROM GUYANA,AND, THEREFORE FEEL THE LATTER PRESUMPTION IS MORE REALISTIC.

D) SCRAP BOTH PENDING LOANS, CONTINUE DISBURSING US DOLS 14,495,307 STILL IN PIPELINE UNDER SIGNED LOANS BUT DO NOT EXTEND TDD FOR ANY LOAN BEYOND LAST PRESENT TDD OF 30 JUNE 1978, AND BEGIN PHASE-OUT OF AID MISSION. NOTIFY GOG WELL BEFORE CASTRO VISIT THAT THE TWO LOANS ARE INDEFINITELY DELAYED, AND THEY SHOULD NOT COUNT ON THEM IN THEIR DEVELOPMENT PLANNING.

DISCUSSION: THIS OPTION WOULD BE CATEGORIC SIGNAL TO SUCH MODERATE ELEMENTS IN GUYANA AS DESIRE GOOD RELATIONS WITH US, AS WELL AS TO CARICOM AND LA GOVTS, THAT CONSISTENT HOSTILITY TO US INTERESTS AND IGNORING US APPEALS IS NOT COST-FREE. ON THE OTHER HAND, CONTINUING PIPELINE OF OVER DOLS 14 MILLION, EX-IM CREDITS AND NORMAL TREATMENT BY USG OF GUYANESE LOAN REQUESTS OT IFIS WOULD DEMONSTRATE CONTINUED US WILLINGNESS TO SUPPORT GUYANA'S DEVELOPMENT AIMS AND WOULD SERVE TO SOME EXTENT AS LEVERAGE AGAINST HOSTILE OVER-REACTION BY BURNHAM AND GOG. THIS OPTION WOULD PROVIDE CLEAREST ADMINISTRATIVE GUIDANCE FOR PHASE-OUT OF AID MISSION AND REALLOCATION OF ITS HUMAN AND FINANCIAL RESOURCES. HOWEVER, IN UNLIKELY EVENT THAT GUYANA SHOULD MODERATE ITS HOSTILITY TO OUR INTERESTS, THIS OPTION WOULD GIVE US LESS
SECRET

SECRET

PAGE 03 GEORGE 00256 03 OF 03 062001Z

FLEXIBILITY IN PROCEEDING WITH THESE LOANS AND POSSIBLE FUTURE PROJECTS. BURNHAM AND GOG WOULD UNDOUBTEDLY SCREAM PRESSURE AND DESTABILIZATION, BUT SUCH CHARGES WOULD ONLY PUBLICIZE THE BASIC POINT WE ARE TRYING TO GET APWLQ?.

16. OBVIOUSLY THERE ARE OTHER OPTIONS AT BOTH EXTREMES, SUCH AS TO PROCEED IMMEDIATELY WITH SIGNING PUBLIC SECTOR TRAINING LOAN OR CANCEL THE LOAN PIPELINE AND OPPOSE PROJECTS FOR GUYANA IN IFIS, OR EVEN WITHHOLD FINAL VOTE ON GOG MEMBERSHIP IN IDB. HOWEVER, WE BELIEVE SUCH OPTPNS ARE STRAW MEN RATHER THAN REALISTIC PROPOSALS.

17. WHILE NOT IN 100 PERCENT AGREEMENT ON THE FOREGOING ANALYSIS AND RECOMMENDATION, CT HAS REVIEWED AND CONCURS IN APPROACH AND GENERAL THRUST. AID MISSION DIRECTOR ABSENT FROM POST. I HAVE ATTEMPTED TO EXTENT POSSIBLE TO INCORPORATE HIS VIEWS, AS EXPRESSED IN SEVERAL MEETINGS DURING JANUARY AND IN WRITTEN MEMO, HOWEVER I MUST ADD THAT ACTING AID DIRECTOR AND I BELIEVE HE WOULD DISAGREE SIGNIFICANTLY WITH KEY JUDGMENTS AND RECOMMENDATIONS SET FORTH HEREIN.
KREBS

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, FOREIGN ASSISTANCE PROGRAMS, INTERNATIONAL ORGANIZATIONS, MEETING VOTING RECORDS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GEORGE00256
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760046-0526
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760275/aaaacnzw.tel
Line Count: 432
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: STADIS, EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: STADIS, EXDIS
Reference: 76 GEORGETOWN 1828
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2004 by ShawDG>; APPROVED <08 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMBASSY RECOMMENDATIONS ON PENDING LOANS AND OTHER ASPECTS OF AID PROGRAM IN GUYANA
TAGS: PFOR, EAID, GY, US, UNGA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006